

Abstract

Is Privatization of State-Owned Companies a Necessary Requirement for Their Successful Performance in Croatia?

PROFESSIONAL ARTICLE

Siniša Petrović*
Velimir Šonje**

We have been witnessing discussions about the role of state in the economy and whether state-owned property is being managed well. This is of particular importance because the state plays the role of owner on behalf of its citizens. Therefore, the way state-owned assets are managed and used represents an important political issue, and it is in the public's interest for such assets to be used in a rational and transparent manner in order to achieve public interests, and not private or particular interests. This paper combines economic and legal perspectives on the matter, which has not yet been done in the Croatian literature. The economic, political and legal reasons for the current status are analyzed. Analysis of the economic performance indicators of state-owned companies and the legal corporate governance framework serves as a starting point for recommendations on how to improve the performance of state-owned companies through changes in the corporate governance system. The main tools in implementing changes are professionalization, depoliticization and privatization of state-owned companies. The paper provides recommendations for implementing new institutional solutions.

Keywords: state-owned assets, property, governance, privatization, Croatia

JEL classification: D73, G38, H11, H82

* Siniša Petrović, Full Professor, Faculty of Law, University of Zagreb,
e-mail: sinisa.petrovic@pravo.hr.

** Velimir Šonje, Director, Arhivanalitika, Zagreb, e-mail: vsonje@arhivanalitika.hr.